

**MEMORANDUM**

**TO:** Tracey Fithen, Assistant Executive Director, Accountancy Board of Ohio

**FROM:** Mark Hamlin, Director of Regulatory Policy

**DATE:** August 23, 2013

**RE:** **CSI Review – Chapter 4701 Rules (OAC 4701-1-02, 4701-1-06, 4701-5-06, 4701-9-06, 4701-11-01, and 4701-11-05)**

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On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

**Analysis**

This rule package consists of six rules being proposed by the Accountancy Board of Ohio. The rules have been reviewed by the Board under the five-year review requirement of ORC 119.032. Three of the rules are being proposed with no changes, and three are being proposed with amendments, all of which the Board describes in its BIA as clarifying in nature and/or intended to eliminate confusion.

The rules address administrative issues with the Board (such as address and meeting times and notices), examination requirements, independence requirements of licensees, accounting and review services standards, and requirements related to types of practices and firm names. The BIA submitted with the rule package describes collaboration between the Board and the Ohio Society of CPAs in the review of the rules. No comments were received during the CSI review period.

The primary impact to businesses from the rule package consists of standards of practice established by the Board with which licensees must comply. The BIA justifies these impacts as being necessary to protect the public and the public accounting profession, and the requirements

are in line with industry professional standards. The rules also limit the types of business organizational structures under which a public accounting firm may operate, although these limitations parallel the organizational structures authorized in ORC 4701.01. Finally, OAC 4701-11-05 requires a firm to register its firm name with the Board and outlines requirements for firm names, which are almost exclusively intended to avoid misleading the public about the firm's makeup or qualifications. The CSI Office finds that the impacts created by the rule package are justified by the regulatory intent.

### **Recommendations**

For the reasons discussed above, the CSI Office does not have any recommendations for this rule package.

### **Conclusion**

Based on the above comments, the CSI Office concludes that the Accountancy Board should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.